



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

May 2, 2005

EVENT: PLEA

DEFENDANT: James McHann, 54

**FORMER PRESIDENT OF WILLIAM TYNDALE COLLEGE
PLEADS GUILTY TO FRAUD**

Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Christopher J. Fox, Special Agent in Charge of the Midwest Region of the U.S. Department of Education's Office of Inspector General, announced that a resident of Bingham Farms pleaded guilty today to all 23 counts of an indictment charging him with defrauding the federal Title IV financial aid program in connection with grants and loans provided to students of the now defunct NorthStar Institute of Technology (NorthStar) in Madison Heights, which was initially known as the Tyndale Technical Institute (TTI). The indictment also charges him with bank fraud.

Pleading guilty before U.S. District Judge Arthur J. Tarnow was James C. McHann, 54 years old, the former President of William Tyndale College (WTC), located in Farmington Hills. Dr. McHann was also a Professor in Philosophy, Christian Thought, and Professional Studies at WTC.

According to documents filed in the case, WTC, a non-profit educational institution

founded in 1945 as the Detroit Bible Institute, offered 4-year and 2-year programs leading to bachelor's and associate's degrees, and was eligible to participate in, and was certified by the U.S. Department of Education to participate in, Title IV financial aid programs. TTI/NorthStar, a for-profit corporation was created in early 2001 by Dr. McHann; W. Howard Burkeen, the former Vice President for Academic Affairs and the Dean of Faculty of WTC; and Paul M. Cox, the former Vice President for Enrollment Management of WTC. Drs. Burkeen and Cox were also, respectively, a Professor of Christian Studies and an Associate Professor of Social Ethics at WTC.

TTI/NorthStar offered non-degree, certificate programs in information technology support and computer networks. TTI/NorthStar was not accredited and not eligible to participate in Title IV programs, and could not have been eligible until a two-year Title IV waiting period had elapsed.

At today's plea hearing, Dr. McHann admitted that in 2001 he participated in a scheme to defraud the U.S. Department of Education that caused Title IV aid to be illegally directed to TTI/NorthStar students. The scheme involved the fraudulent description of TTI/NorthStar students as WTC students on applications for financial aid. As a result of the scheme, approximately \$943,000 in Pell Grants and Stafford and other federally insured loans were improperly awarded to TTI/NorthStar students and approximately \$517,000 in such aid was actually transmitted by wire to WTC bank accounts, through which Title IV aid for TTI/NorthStar students was being routed.

Dr. McHann also admitted that when he obtained a \$250,000 loan for TTI/NorthStar from Standard Federal Bank in 2001, he falsely represented that TTI/NorthStar students were eligible to receive Title IV aid.

There is no plea agreement between the government and Dr. McHann. Twenty-two of the counts to which he pleaded guilty, 20 of which charge him with wire fraud, each carries a maximum sentence of 5 years' imprisonment and a \$250,000 fine. The remaining count of the indictment, charging bank fraud, carries a maximum sentence of 30 years' imprisonment and a \$1 million fine. The court is also required to impose an order of restitution. Dr. McHann's sentencing is scheduled for August 2, 2005.

Dr. Burkeen pleaded guilty to one count of conspiracy on November 30, 2004, and has cooperated with the government. Under his plea agreement, he faces up to one year in prison and will be ordered to pay restitution to the U.S. Department of Education. Dr. Burkeen's sentencing is scheduled for May 13, 2005.

Dr. Cox has entered into a pretrial diversion agreement with the government that requires that he cooperate with the government and perform 120 hours of public service.

Mr. Murphy, the United States Attorney, noted that Drs. McHann, Burkeen, and Cox were let go by WTC in the summer of 2001, and that WTC itself was not charged and was not a target of the government's investigation. WTC closed its doors at the end of 2004 on account of financial problems and insufficient student enrollment.

The investigation of this case has been conducted by the Office of Inspector General of the U.S. Department of Education. The case has been prosecuted by Assistant U.S. Attorney Stephen Hiyama.